

December 17, 2021

Via Electronic Filing

Ms. Vanessa A. Countryman
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: Electronic Submission of Applications for Orders Under the Advisers Act and the Investment Company Act, Confidential Treatment Requests for Filings on Form 13F, and Form ADV-NR; Amendments to Form 13F (SEC Rel. Nos. 34-93518; IA-5903; IC-34415; File No. S7-15-21)

Dear Ms. Countryman:

The Investment Adviser Association (**IAA**)¹ appreciates the opportunity to comment on the Commission's re-proposal of amendments to Form 13F to require managers to provide additional identifying information and to make certain technical amendments.²

The Commission states that it is re-proposing these amendments because it continues to believe that it would be useful to the Commission and the public to be able to efficiently identify interrelationships between managers as well as a manager's other regulatory filings. According to the Proposal, the Commission also believes that this information could identify for the public additional sources of market information.

¹ The IAA is the leading organization dedicated to advancing the interests of investment advisers. For more than 80 years, the IAA has been advocating for advisers before Congress and U.S. and global regulators, promoting best practices and providing education and resources to empower advisers to effectively serve their clients, the capital markets, and the U.S. economy. The IAA's member firms manage more than \$35 trillion in assets for a wide variety of individual and institutional clients, including pension plans, trusts, mutual funds, private funds, endowments, foundations, and corporations. For more information, please visit www.investmentadviser.org.

² *Electronic Submission of Applications for Orders Under the Advisers Act and the Investment Company Act, Confidential Treatment Requests for Filings on Form 13F, and Form ADV-NR; Amendments to Form 13F*, 86 Fed. Reg. 64839 (Nov. 19, 2021), available at <https://www.govinfo.gov/content/pkg/FR-2021-11-19/pdf/2021-24522.pdf> (**Proposal**). The IAA is only commenting in this letter on amendments to Form 13F related to additional identifying information and technical amendments to rounding conventions and how a security's value is reported. While we are submitting our comments within the 30-day deadline, we are concerned that this exceedingly short comment period is inadequate to provide stakeholders with an appropriate time period in which to evaluate and comment on the Proposal. If the comment period were longer, we may have been able to comment on other aspects of the Proposal, such as electronic submission of applications for orders under the Advisers Act and the Investment Company Act, the structure of data reporting, confidential treatment requests for filings on Form 13F, or Form ADV-NR issues.

We strongly believe in transparent markets and commend the Commission for its efforts to increase transparency. We also appreciate the Commission's efforts to modernize regulatory requirements, but modernization needs to be balanced against other considerations, including whether the compliance burdens on smaller managers are justified. More than 60 percent of SEC-registered advisers have under \$500 million in RAUM and eight in 10 advisers have 50 or fewer employees.³ These advisers are small businesses by any reasonable measure and we urge the Commission to take into account the burdens these advisers will face. Accordingly, we write to reiterate the following recommendations⁴ that we believe will better balance the goals of modernization and limiting regulatory burdens, especially on smaller advisers.

Additional identifying information in Form 13F is not needed.

The re-proposed amendments, which are the same as those proposed in 2020,⁵ would require each Form 13F filer to provide its CRD number and SEC file number, if any. If a manager is filing a Form 13F notice report on Form 13F-NT, the amendments would require the manager to include the CRD number and SEC file number, if any, of any other manager included in the "List of Other Managers Reporting for this Manager" table on the cover page.

We continue to believe that Form 13F File Numbers have worked well and do not see the need for filers to provide additional identifying information such as CRD numbers and SEC filing numbers. This change could be burdensome, for example, for managers that have numerous related parties or sub-advisers. Managers would need to adapt their operations to obtain CRD numbers and SEC file numbers from the other managers identified in their 13F reports and keep track of the new sets of numbers.

The Commission could provide managers with flexibility to choose an alternative identifier to a CUSIP and should study holistically issues raised by requiring the use of licensed security identifiers.

As noted in our 2020 Letter, CUSIP numbers are recognized as a basic and simple way to identify a security and many of our members' systems are designed to use these identifiers. We

³ See Letter from IAA General Counsel Gail C. Bernstein, *Reporting Threshold for Institutional Investment Managers* (Sept. 29, 2020), available at <https://www.sec.gov/comments/s7-08-20/s70820-7859973-223872.pdf> (IAA 2020 Form 13F Proposal Comment Letter). See also IAA Presentation to the SEC's Asset Management Advisory Committee (Sept. 27, 2021), available at <https://www.sec.gov/files/iaa-presentation-karen-barr-gail-bernstein-092721.pdf> (IAA AMAC Presentation) (providing key data points on smaller advisers); and *Investment Adviser Industry Snapshot 2021* (July 2021), available at https://investmentadviser.org/wp-content/uploads/2021/08/Investment_Adviser_Industry_Snapshot_2021.pdf (annual report on SEC-registered investment adviser industry).

⁴ We previously commented on the Commission's proposal to raise the reporting threshold for Form 13F reports by institutional investment managers, eliminate the omission threshold for individual securities, require managers to provide additional identifying information, modernize the structure of data reporting, and amend the instructions on Form 13F for confidential treatment requests. See IAA 2020 Form 13F Proposal Comment Letter.

⁵ *Reporting Threshold for Institutional Investment Managers*, 85 Fed. Reg. 46016 (July 31, 2020), available at <https://www.govinfo.gov/content/pkg/FR-2020-07-31/pdf/2020-15322.pdf>.

commented that requiring a different identifier would be burdensome and could have the potential for error. We thus recommended that the Commission not replace CUSIP numbers with another identifier at that time.

We continue to believe that requiring managers to use a different identifier would be expensive and especially burdensome for smaller advisers. We would not object, however, to Form 13F filers having the option to use either CUSIP numbers or an alternative identifier.⁶ Indeed, as the Commission considers the use of securities identifiers in more contexts,⁷ now is an opportune time to take a step back and look holistically at the policy of mandating the use of licensed identification numbers in any regulations or regulatory filings. As we have previously stated to the Commission, we have significant concerns about the licensing practices, fees, and obligations related to CUSIP identifiers.⁸ We therefore again urge the Commission to study whether these practices pose potential liability, subject users to the payment of burdensome fees, or are otherwise problematic.

The Commission should not make technical amendments to the well-established rounding conventions or how a security's value is reported.

The Commission is re-proposing amendments to simplify the rounding conventions of Form 13F by requiring all dollar values listed on Form 13F to be rounded to the nearest dollar, rather than to the nearest one thousand dollars as is currently required. Additionally, the Commission is re-proposing amendments to remove the requirement that filers, when reporting dollar values on Form 13F, omit the "000."

Because of the operational challenges and costs that implementation would entail, we request that the Commission not amend Form 13F to require all dollar values listed on Form 13F to be rounded to the nearest dollar. For the same reason, we also request that the Commission not remove the requirement that filers omit the "000" when reporting dollar values on Form 13F. We are not aware of data inaccuracies resulting from current reporting requirements and believe,

⁶ If the Commission permits flexibility to choose CUSIP numbers or an alternative, we expect that a large number of our members will continue to use CUSIPs because their systems are already programmed to use them and they will not want to incur the significant expense that a change would entail. We recognize that permitting managers to provide other identifiers could add some complexity to identifying interrelationships between managers who share investment discretion over Section 13(f) securities and a manager's other regulatory filings. However, we believe that *mandating* the use of CUSIPs raises other challenges, discussed below.

⁷ See, e.g., *Enhanced Reporting of Proxy Votes by Registered Management Investment Companies; Reporting of Executive Compensation Votes by Institutional Investment Managers*, 86 Fed. Reg. 57478 (Oct. 15, 2021), available at <https://www.govinfo.gov/content/pkg/FR-2021-10-15/pdf/2021-21549.pdf>; see also *Reporting of Securities Loans*, 86 FR 69802 (Dec. 8, 2021), available at <https://www.govinfo.gov/content/pkg/FR-2021-12-08/pdf/2021-25739.pdf>. Among the identifiers under consideration are a security's ticker symbol, ISIN, CUSIP, or FIGI. An additional option could be a security's ticker symbol in combination with the relevant stock exchange abbreviation or country code. We encourage permitting managers to "mix and match" identifiers.

⁸ See, e.g., the IAA 2020 Form 13F Proposal Comment Letter; Letter from IAA President & CEO Karen L. Barr to Chair Gary Gensler, *Regulation of Investment Advisers* (May 17, 2021), available at <https://investmentadviser.org/resources/regulation-of-investment-advisers/>; and IAA AMAC Presentation.

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therefore, that the implementation costs would outweigh any marginal benefit from these changes.⁹

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We appreciate the Commission's consideration of our comments on the re-proposed amendments to Form 13F and would be happy to provide any additional information that may be helpful. Please contact the undersigned or Associate General Counsel Laura Grossman at [REDACTED] [REDACTED] we can be of further assistance.

Respectfully Submitted,

/s/ Gail C. Bernstein

Gail C. Bernstein
General Counsel

cc: The Honorable Gary Gensler, Chair
The Honorable Hester M. Peirce, Commissioner
The Honorable Elad L. Roisman, Commissioner
The Honorable Allison Herren Lee, Commissioner
The Honorable Caroline A. Crenshaw, Commissioner
Sarah ten Siethoff, Acting Director, Division of Investment Management

⁹ The Commission could consider other amendments to improve the current reporting regime, such as excluding nondiscretionary holdings.